

Sandra L. Hochstetter
Chairman
(501) 682-1455

Daryl E. Bassett
Commissioner
(501) 682-1453

Randy Bynum
Commissioner
(501) 682-1451

**ARKANSAS
PUBLIC SERVICE COMMISSION**
1000 Center
P.O. Box 400
Little Rock, Arkansas 72203-0400
<http://www.Arkansas.gov/psc>



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NEWS RELEASE

**Public Service Commission Proposes New Rules
to Guide Electric Utility Planning and Procurement**

The Arkansas Public Service Commission has proposed new rules that would determine how electric utilities plan for and meet their future generation and transmission requirements, along with potential programs to reduce electricity demand. This rulemaking proceeding would implement some of the provisions of a state law enacted in 2003, entitled the "Electric Utility Regulatory Reform Act of 2003", and is also intended to satisfy one of the new federal requirements for state commissions to consider fuel diversity, as outlined in the recently-enacted Energy Policy Act of 2005.

The Commission's order cites the fact that many electric industry changes have occurred at the national and regional levels over the last several years, which have correspondingly altered the environment in which the states' utilities plan and manage their business. Accordingly, "there is now a greater need for electric utilities to plan both generation and transmission investment on a regional basis, coordinate these investment decisions with multiple state and federal rules and policies, plan for new infrastructure in the context of new wholesale market opportunities, incorporate

increased demand-side resources (energy conservation, energy efficiency, demand-side management programs and demand response options) in their overall resource planning processes, and anticipate and implement ways to mitigate the impact of rising costs of generation fuels." (Order at pp. 3-4)

The Arkansas Commission's proposed planning and procurement rules for the electric utilities would be similar to the natural gas utility portfolio planning and purchasing guidelines that the Commission adopted in 2001 and 2002. With the ultimate adoption of specific planning and purchasing guidelines for the electric utilities, all energy providers in Arkansas will be subject to similar regulatory expectations to engage in long-term planning and resource procurement via a common process, and with consideration of all resource options available on an expanded regional basis. The electric utilities will also be required to file the Plan that results from this planning and evaluation process in order to demonstrate, prior to utility action, that their Arkansas customers' needs will be met in the most reliable and cost-effective manner possible. The Commission fully expects that the electric utilities will take advantage of new regional planning and purchasing opportunities available in regional wholesale markets to minimize or further reduce, where possible, existing or future resource costs. The Commission also expects the electric utilities to utilize independent entities to assist them with their planning and evaluation efforts, and to conduct these planning and resource procurement processes in as open and transparent a manner possible, utilizing a regional stakeholder process and collaboration and consensus where possible.

Initial Comments on the Commission's proposed Resource Planning Guidelines for Electric Utilities are due to be filed with the Commission no later than April 7, 2006; Reply Comments are due by May 5, 2006; and a Public Hearing is scheduled for May 23, 2006. All Arkansas-jurisdictional electric utilities have been designated as official parties to this proceeding, along with the General Staff of the Commission. All other interested parties desiring official party status must file a formal petition to intervene within 30 days of the date of the Order.

For further information or questions on this recent Commission proposal, please contact Commission Chairman Sandra Hochstetter at (501) 682-1455.

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